

VERMONT STATE TEACHERS' RETIREMENT SYSTEM

Meeting of the Board of Trustees

February 11, 2014

Members present:

JON HARRIS, Chairperson (Active No. 25669), term expiring July 1, 2015

JUSTIN NORRIS, Active Member Representative, term expiring July 1, 2017

LINDA DELIDUKA, VRTA Alternate representative, term expiring July 1, 2016

VAUGHN ALTEMUS, representing Secretary of Agency of Education

THOMAS CANDON, representing Commissioner of Department of Financial Regulation

ELIZABETH PEARCE, VT State Treasurer

Members absent:

JOSEPH MACKEY, Vice-Chairperson, VRTA representative, term expiring July 1, 2016

Active Member Alternate Representative – vacant

Also attending:

Laura Soares, Mark Hage, and Joe Zimmerman, VEHI

Karl Kroner, Chip Sanville, and Valerie Baker, Great West Retirement Services

Steve Wisloski, Deputy VT State Treasurer

Matt Considine, Director of Investments

Mark DiStefano, Attorney General's Office

Laurie Lanphear, Director of Retirement Operations

Monica Chiren, Assistant to Kathie Kretzer

The Chairperson, Jon Harris, called the Tuesday, February 11, 2014, meeting to order at 9:04 a.m., which was held in the Governor's Conference Room, fourth floor, 109 State Street, Montpelier, VT.

ITEM 1: **Approve the Minutes of:**

- **December 12, 2013 – regular meeting**

On motion by Mr. Altemus, seconded by Mr. Norris, the Board voted unanimously to approve the minutes of December 12, 2013, as submitted.

ITEM 2: **VEHI presentation of medical premium rates for FY 2015**

The representatives from VEHI were welcomed to the Board meeting. The VEHI representatives indicated EGWP (Employer Group Waiver Plan) became effective January 1, 2014. VEHI representatives provided information concerning the implementation of EGWP. VEHI explained when payments could be expected relative to EGWP. The VEHI representatives presented to the Board the premium increases for the VEHI health insurance for FY 2015. It was discussed the new rate would be an increase of 4.5%. There was a discussion about the Green Mountain Care plan and its portability. There was a discussion

about the effect the new health plans would have on VEHI and the VSTRS retirees. There was a discussion about the GASB 68 regulations.

(Ms. Deliduka arrived during this agenda item.)

There was a discussion about the contract with VEHI. There was a discussion concerning the member agreement and Department of Financial Regulation.

On motion by Ms. Pearce, seconded by Mr. Altemus, the Board voted unanimously to authorize the Treasurer's Office staff to review and implement the member agreement developed by Department of Financial Regulation which would include any recommendations by the Attorney General's Office.

There was a discussion about the wellness programs that are offered to members. There was a discussion relative to this legislative session and the funding for the health care. Mr. Hage indicated VEHI is doing nothing to jeopardize their grandfather status. Mr. Hage acknowledged the contribution the Retirement Specialists provide and indicated his appreciation for them.

(Mr. Hage, Mr. Zimmerman, and Ms. Soares left the meeting at this time.)

(A recess was taken from 9:35 a.m. to 9:45 a.m.)

(Mr. Kroner, Mr. Sanville, and Mr. Considine entered the meeting at this time.)

(Ms. Baker entered the meeting at this time via the telephone.)

ITEM 3: 403(b) quarterly update by Great West Retirement Services

- **Discussion with Advised Asset Group (AAG) – via telephone**

Ms. Baker reviewed the *Fund Performance Review as of 12/31/2013* with the Board members. There was a discussion concerning the socially responsible funds. Ms. Baker discussed with the Board members the funds that received a neutral rating.

(Mr. Altemus left the meeting during this agenda item.)

Ms. Baker responded to the questions posed by the Board members.

(Ms. Baker left the meeting at this time.)

Mr. Kroner appeared before the Board and provided the Quarterly Report for December 31, 2013 for the 403(b) Investment Program. Mr. Kroner provided the plan overview. Mr. Kroner indicated there was an 8.9% increase in the plan assets from October 1, 2013 to December 31, 2013.

Mr. Kroner indicated there are 1,996 participants in the plan. Mr. Kroner reviewed with the Board members the breakdown of assets. Mr. Kroner reviewed the average balance and average contributions. In response to Mr. Norris' request Mr. Kroner indicated he will provide to Ms. Lanphear a breakdown by age of the participants in the plan. There was a discussion concerning withdrawals and the managed accounts. There was a discussion concerning fees for the managed accounts and self-directed accounts.

Mr. Sanville reviewed with the Board members the field activity for the quarter. The representatives from Great West responded to the Board members' questions.

ITEM 4: SDIA quarterly update

Mr. Sanville appeared before the Board and provided the Quarterly Report for December 31, 2013 for the SDIA Plan. Mr. Sanville indicated the slow decline is continuing, which is expected. Mr. Sanville reviewed with the Board members the distributions, and indicated there were no real surprises there either. Mr. Saville reviewed with the Board members the Key Talk and Internet statistics. It was indicated the rate of return as 2.74% for the year.

Mr. Kroner acknowledged the RFP process which occurred last year and thanked the Board for the opportunity to continue to work with them.

Ms. Pearce indicated there has been a reduction to the fee structure which has gone down from 12 basis points to 10 basis points.

(Mr. Considine, Mr. Kroner, and Mr. Sanville left the meeting at this time.)

(A recess was taken from 10:32 a.m. to 10:45 a.m.)

ITEM 5: Updates on the following:

- **2014 Legislative activity**
- **VPAS**
- **Administrator contract verification**
- **Actuary RFP**
- **IRS Determination Letter**

Ms. Pearce discussed with the Board members the miscellaneous retirement bill for this legislative session. Ms. Pearce indicated the major issue is the health care funding.

(Mr. DiStefano arrived during this agenda item.)

Ms. Pearce indicated the Boards were reviewing the disability process and in particular income verification for disability retirees. The Board indicated this might be able to be accomplished through a policy. Ms. Pearce indicated they will attempt to involve the interested parties in that process.

Ms. Pearce indicated all components of VPAS have gone live. There was a discussion about member booklets and benefit estimates in conjunction with VPAS. Ms. Pearce indicated she will report back to the Board with ideas on how to proceed with updating the policy guidelines.

(Mr. Altemus returned to the meeting during this agenda item.)

Mr. DiStefano and Ms. Lanphear reviewed the administrator contract verification letter with the Board members. They indicated they will incorporate the requested changes and bring the revised draft back to the Board for review.

(Mr. DiStefano left the meeting at this time.)

(Mr. Wisloski entered the meeting at this time.)

Ms. Pearce indicated there was a need to extend the contract with Buck Consultants to June 30, 2014 in order to conduct an actuarial RFP. Ms. Pearce indicated they already received a waiver from Administration for that extension.

On motion by Mr. Candon, seconded by Mr. Altemus, the Board voted unanimously to extend the current actuarial contract with Buck Consultants until June 30, 2014.

Mr. Wisloski reviewed with the Board the IRS determination letter process and indicated they were up-to-date with their filing of it.

(Mr. Wisloski left the meeting at this time.)

ITEM 6: Discuss/act on the following:

- **Need for a Trustee Manual**
- **Tracking disability retirement and what a member actually may be earning at another job**
- **Alternate member vacancy**

The Board reviewed the information that was included in a Trustee Manual. It was the consensus of the Board most of this information should be included in a special section on the website.

There was a discussion relative to the amount disability retirees were allowed to earn at another job. It was decided the Board would look into addressing this item in a policy. There was a discussion concerning the disability process. It was decided the Board would look into the income verification portion of disability first before the complete disability process.

(Mr. Norris left the meeting at this time.)

Mr. Harris indicated there has been no interest shown in the alternate member position. It was indicated this item would be included in the next newsletter.

ITEM 7: Any other business to come before the Board

None.

ITEM 8: Adjournment

On motion by Mr. Altemus, seconded by Ms. Deliduka, the Board unanimously voted to adjourn at 11:55 a.m.

Next Meeting Date:

The next scheduled VSTRS meeting is a conference call meeting on Thursday, March 13, 2014 at 3:30 p.m., if needed.

Respectfully submitted,

Kathie Kretzer
Executive Secretary to the Board